

**Introduced by Senator Wyland**

April 9, 2007

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Senate Constitutional Amendment No. 7—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Sections 4 and 8 of Article III thereof, by amending Sections 3, 4, 7.5, 8, and 10 of, and amending, repealing, and adding Section 12 of, Article IV thereof, by amending Section 6 of Article IX thereof, by amending Sections 6 and 10.5 of, adding Section 14 to, and amending, repealing, and adding Sections 1, 2, 3, and 8 of, Article XIII B thereof, by amending Section 20 of, and amending, repealing, and adding Sections 8 and 8.5 of Article XVI thereof, by amending Section 1 of Article XIX A thereof, by amending Section 1 of Article XIX B thereof, and by amending Section 4 of Article XXIV thereof, relating to the budget.

**LEGISLATIVE COUNSEL'S DIGEST**

SCA 7, as introduced, Wyland. State budget.

Under existing law, the Legislature is required to pass the annual Budget Bill by June 15 of each year.

This measure would, commencing on July 1, 2010, require the Legislature to pass a 2-year Budget Bill by May 1 of each even-numbered year, following specified procedures. The Budget Bill would be introduced in the Legislature in January of the preceding, odd-numbered year. Beginning July 1, 2012, if no Budget Bill is passed by July 1 of an even-numbered year, the amount in each item of appropriation in the Budget Act for the preceding 2-year period would, with specified exceptions, be deemed to be appropriated for the current 2-year period. Beginning July 1, 2012, if the Budget Bill is not passed by the July 1 of an even-numbered year, Members of the Legislature

would forfeit entitlement to salary and per diem payments from July 1 to the date a Budget Bill is passed and sent to the Governor.

Under existing law, the Legislature meets in regular biennial session, convening on the first Monday in December in even-numbered years and adjourning sine die November 30 of each even-numbered year. If the Governor issues a proclamation calling a special session, the Legislature may legislate in that special session only on subjects specified in the Governor's proclamation.

This measure would provide that if the Governor issues a proclamation calling a special session and declaring a fiscal emergency, the Legislature,  $\frac{2}{3}$  of each house concurring, may also convene in auxiliary session to legislate on any subject.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

1     *Resolved by the Senate, the Assembly concurring,* That the  
2     Legislature of the State of California at its 2007–08 Regular  
3     Session commencing on the fourth day of December 2006,  
4     two-thirds of the membership of each house concurring, hereby  
5     proposes to the people of the State of California that the  
6     Constitution of the State be amended as follows:

7     First—That Section 4 of Article III thereof is amended to read:

8     SEC. 4. (a) Except as provided in subdivision (b) *of this section*  
9     *or in subdivision (m) of Section 8*, salaries of elected state officers  
10    may not be reduced during their term of office. Laws that set these  
11    salaries are appropriations.

12    (b) Beginning on January 1, 1981, the base salary of a judge of  
13    a court of record shall equal the annual salary payable as of July  
14    1, 1980, for that office had the judge been elected in 1978. The  
15    Legislature may prescribe increases in those salaries during a term  
16    of office, and it may terminate prospective increases in those  
17    salaries at any time during a term of office, but it shall not reduce  
18    the salary of a judge during a term of office below the highest level  
19    paid during that term of office. Laws setting the salaries of judges  
20    shall not constitute an obligation of contract pursuant to Section  
21    9 of Article I or any other provision of law.

22    Second—That Section 8 of Article III thereof is amended to  
23    read:

24    SEC. 8. (a) The California Citizens Compensation Commission  
25    is hereby created and shall consist of seven members appointed

1 by the Governor. The commission shall establish the annual salary  
2 and the medical, dental, insurance, and other similar benefits of  
3 state officers.

4 (b) The commission shall consist of the following persons:

5 (1) Three public members, one of whom has expertise in the  
6 area of compensation, such as an economist, market researcher,  
7 or personnel manager; one of whom is a member of a nonprofit  
8 public interest organization; and one of whom is representative of  
9 the general population and may include, among others, a retiree,  
10 homemaker, or person of median income. No person appointed  
11 pursuant to this paragraph may, during the 12 months prior to his  
12 or her appointment, have held public office, either elective or  
13 appointive, have been a candidate for elective public office, or  
14 have been a lobbyist, as defined by the Political Reform Act of  
15 1974.

16 (2) Two members who have experience in the business  
17 community, one of whom is an executive of a corporation  
18 incorporated in this State which ranks among the largest private  
19 sector employers in the State based on the number of employees  
20 employed by the corporation in this State and one of whom is an  
21 owner of a small business in this State.

22 (3) Two members, each of whom is an officer or member of a  
23 labor organization.

24 (c) The Governor shall strive insofar as practicable to provide  
25 a balanced representation of the geographic, gender, racial, and  
26 ethnic diversity of the State in appointing commission members.

27 (d) The Governor shall appoint commission members and  
28 designate a chairperson for the commission not later than 30 days  
29 after the effective date of this section. The terms of two of the  
30 initial appointees shall expire on December 31, 1992, two on  
31 December 31, 1994, and three on December 31, 1996, as  
32 determined by the Governor. Thereafter, the term of each member  
33 shall be six years. Within 15 days of any vacancy, the Governor  
34 shall appoint a person to serve the unexpired portion of the term.

35 (e) No current or former officer or employee of this State is  
36 eligible for appointment to the commission.

37 (f) Public notice shall be given of all meetings of the  
38 commission, and the meetings shall be open to the public.

39 (g) On or before December 3, 1990, the commission shall, by  
40 a single resolution adopted by a majority of the membership of

1 the commission, establish the annual salary and the medical, dental,  
2 insurance, and other similar benefits of state officers. The annual  
3 salary and benefits specified in that resolution shall be effective  
4 on and after December 3, 1990.

5 Thereafter, ~~at or before the end of each fiscal~~ *by midnight on*  
6 *June 30 of each* year, the commission shall, by a single resolution  
7 adopted by a majority of the membership of the commission, adjust  
8 the annual salary and the medical, dental, insurance, and other  
9 similar benefits of state officers. The annual salary and benefits  
10 specified in the resolution shall be effective on and after the first  
11 Monday of the next December.

12 (h) In establishing or adjusting the annual salary and the medical,  
13 dental, insurance, and other similar benefits, the commission shall  
14 consider all of the following:

15 (1) The amount of time directly or indirectly related to the  
16 performance of the duties, functions, and services of a state officer.

17 (2) The amount of the annual salary and the medical, dental,  
18 insurance, and other similar benefits for other elected and appointed  
19 officers and officials in this State with comparable responsibilities,  
20 the judiciary, and, to the extent practicable, the private sector,  
21 recognizing, however, that state officers do not receive, and do  
22 not expect to receive, compensation at the same levels as  
23 individuals in the private sector with comparable experience and  
24 responsibilities.

25 (3) The responsibility and scope of authority of the entity in  
26 which the state officer serves.

27 (i) ~~Until~~ *Except as provided in subdivision (m), until* a resolution  
28 establishing or adjusting the annual salary and the medical, dental,  
29 insurance, and other similar benefits for state officers takes effect,  
30 each state officer shall continue to receive the same annual salary  
31 and the medical, dental, insurance, and other similar benefits  
32 received previously.

33 (j) All commission members shall receive their actual and  
34 necessary expenses, including travel expenses, incurred in the  
35 performance of their duties. Each member shall be compensated  
36 at the same rate as members, other than the chairperson, of the  
37 Fair Political Practices Commission, or its successor, for each day  
38 engaged in official duties, not to exceed 45 days per year.

39 (k) It is the intent of the Legislature that the creation of the  
40 commission should not generate new state costs for staff and

services. The Department of Personnel Administration, the Board of Administration of the Public Employees' Retirement System, or other appropriate agencies, or their successors, shall furnish, from existing resources, staff and services to the commission as needed for the performance of its duties.

(l) "State officer," as used in this section, means the Governor, Lieutenant Governor, Attorney General, Controller, Insurance Commissioner, Secretary of State, Superintendent of Public Instruction, Treasurer, member of the State Board of Equalization, and Member of the Legislature.

(m) *If a budget bill is not passed by the Legislature and sent to the Governor by July 1 of any even-numbered year, a Member of the Legislature shall not receive any salary from that date until a budget bill is passed and sent to the Governor. Any salary that would otherwise be payable to a Member for that period shall be permanently forfeited. This subdivision applies only to the budget bill for the two-year fiscal period commencing July 1, 2012, and for each subsequent two-year period.*

Third—That Section 3 of Article IV thereof is amended to read:

SEC. 3. (a) The Legislature shall convene in regular session at noon on the first Monday in December of each even-numbered year and each house shall immediately organize. Each regular session of the Legislature shall adjourn sine die by operation of the Constitution at midnight on November 30 of the following even-numbered year.

(b) On extraordinary occasions the Governor by proclamation may cause the Legislature to assemble in special session. When so assembled it has power to legislate only on subjects specified in the proclamation but may provide for expenses and other matters incidental to the session.

(c) *If the Governor issues a proclamation declaring a fiscal emergency, and the Legislature convenes in special session to legislate on subjects related to that fiscal emergency, the Legislature may also, two-thirds of the membership of each house concurring, convene in auxiliary session. The term of the auxiliary session shall be coextensive with the special session, and the Legislature may legislate on any subject in auxiliary session.*

Fourth—That Section 4 of Article IV thereof is amended to read:

1 SEC. 4. (a) To eliminate any appearance of a conflict with the  
2 proper discharge of his or her duties and responsibilities, no  
3 Member of the Legislature may knowingly receive any salary,  
4 wages, commissions, or other similar earned income from a  
5 lobbyist or lobbying firm, as defined by the Political Reform Act  
6 of 1974, or from a person who, during the previous 12 months,  
7 has been under a contract with the Legislature. The Legislature  
8 shall enact laws that define earned income. However, earned  
9 income does not include any community property interest in the  
10 income of a spouse. Any Member who knowingly receives any  
11 salary, wages, commissions, or other similar earned income from  
12 a lobbyist employer, as defined by the Political Reform Act of  
13 1974, may not, for a period of one year following its receipt, vote  
14 upon or make, participate in making, or in any way attempt to use  
15 his or her official position to influence an action or decision before  
16 the Legislature, other than an action or decision involving a bill  
17 described in subdivision (c) of Section 12 of this article, which he  
18 or she knows, or has reason to know, would have a direct and  
19 significant financial impact on the lobbyist employer and would  
20 not impact the public generally or a significant segment of the  
21 public in a similar manner. As used in this subdivision, “public  
22 generally” includes an industry, trade, or profession.

23 (b) Travel and living expenses for Members of the Legislature  
24 in connection with their official duties shall be prescribed by statute  
25 passed by rollcall vote entered in the journal, two-thirds of the  
26 membership of each house concurring. A Member ~~may~~ *shall* not  
27 receive *payment for travel and or living expenses* during the times  
28 that the Legislature is in recess for more than three calendar days,  
29 unless the Member is traveling to or from, or is in attendance at,  
30 any meeting of a committee of which he or she is a member, or a  
31 meeting, conference, or other legislative function or responsibility  
32 as authorized by the rules of the house of which he or she is a  
33 member, which is held at a location at least 20 miles from his or  
34 her place of residence. *A Member shall not receive payment for*  
35 *travel or living expenses, and shall permanently forfeit any*  
36 *entitlement to that payment, for any period during which the*  
37 *Member forfeits his or her salary pursuant to subdivision (m) of*  
38 *Section 8 of Article III.*

39 (c) The Legislature may not provide retirement benefits based  
40 on any portion of a monthly salary in excess of five hundred dollars

1 (\$500) paid to any Member of the Legislature unless the Member  
2 receives the greater amount while serving as a Member in the  
3 Legislature. The Legislature may, prior to their retirement, limit  
4 the retirement benefits payable to Members of the Legislature who  
5 serve during or after the term commencing in 1967.

6 When computing the retirement allowance of a Member who  
7 serves in the Legislature during the term commencing in 1967 or  
8 later, allowance may be made for increases in cost of living if so  
9 provided by statute, but only with respect to increases in the cost  
10 of living occurring after retirement of the Member. However, the  
11 Legislature may provide that no Member shall be deprived of a  
12 ~~cost-of-living~~ *cost-of-living* adjustment based on a monthly salary  
13 of five hundred dollars (\$500) which has accrued prior to the  
14 commencement of the 1967 Regular Session of the Legislature.

15 Fifth—That Section 7.5 of Article IV thereof is amended to  
16 read:

17 SEC. 7.5. In the 1991–92 fiscal year ~~immediately following~~  
18 ~~the adoption of this Act~~, the total aggregate expenditures of the  
19 Legislature for the compensation of ~~members~~ *Members* and  
20 employees of, and the operating expenses and equipment for, the  
21 Legislature may not exceed an amount equal to nine hundred fifty  
22 thousand dollars (\$950,000) per ~~member~~ *Member* for that fiscal  
23 year or 80 percent of the amount of money expended for those  
24 purposes in the preceding fiscal year, whichever is less. For each  
25 ~~fiscal year~~ *12-month period, measured from July 1 to June 30,*  
26 *inclusive*, thereafter, the total aggregate expenditures may not  
27 exceed an amount equal to that expended for those purposes in the  
28 ~~preceding fiscal year, 12-month period~~, adjusted and compounded  
29 by an amount equal to the percentage increase in the appropriations  
30 limit for the State established pursuant to Article XIII B.

31 Sixth—That Section 8 of Article IV thereof is amended to read:

32 SEC. 8. (a) At regular sessions no bill other than the budget  
33 bill may be heard or acted on by committee or either house until  
34 the 31st day after the bill is introduced unless the house dispenses  
35 with this requirement by rollcall vote entered in the journal, ~~three~~  
36 ~~fourths~~ *three-fourths* of the membership concurring.

37 (b) The Legislature may make no law except by statute and may  
38 enact no statute except by bill. No bill may be passed unless it is  
39 read by title on ~~3~~ *three* days in each house except that the house  
40 may dispense with this requirement by rollcall vote entered in the

1 journal, ~~two-thirds~~ *two-thirds* of the membership concurring. No  
2 bill may be passed until the bill with amendments has been printed  
3 and distributed to the ~~members~~ *Members*. No bill may be passed  
4 unless, by rollcall vote entered in the journal, a majority of the  
5 membership of each house concurs.

6 (c) (1) Except as provided in paragraphs (2) and (3) ~~of this~~  
7 ~~subdivision~~, a statute enacted at a regular session shall go into  
8 effect on January 1 next following a 90-day period from the date  
9 of enactment of the statute, and a statute enacted at a special *or*  
10 *auxiliary* session shall go into effect on the 91st day after  
11 adjournment of the special *or auxiliary* session at which the bill  
12 was passed.

13 (2) A statute, other than a statute establishing or changing  
14 boundaries of any legislative, congressional, or other election  
15 district, enacted by a bill passed by the Legislature on or before  
16 the date the Legislature adjourns for a joint recess to reconvene in  
17 the second calendar year of the biennium of the legislative session,  
18 and in the possession of the Governor after that date, shall go into  
19 effect on January 1 next following the enactment date of the statute  
20 unless, before January 1, a copy of a referendum petition affecting  
21 the statute is submitted to the Attorney General pursuant to  
22 subdivision (d) of Section 10 of Article II, in which event the  
23 statute shall go into effect on the 91st day after the enactment date  
24 unless the petition has been presented to the Secretary of State  
25 pursuant to subdivision (b) of Section 9 of Article II.

26 (3) Statutes calling elections, statutes providing for tax levies  
27 or appropriations for the usual current expenses of the State, and  
28 urgency statutes shall go into effect immediately upon their  
29 enactment.

30 (d) Urgency statutes are those necessary for immediate  
31 preservation of the public peace, health, or safety. A statement of  
32 facts constituting the necessity shall be set forth in one section of  
33 the bill. In each house the section and the bill shall be passed  
34 separately, each by rollcall vote entered in the journal, ~~two-thirds~~  
35 *two-thirds* of the membership concurring. An urgency statute may  
36 not create or abolish any office or change the salary, term, or duties  
37 of any office, or grant any franchise or special privilege, or create  
38 any vested right or interest.

39 Seventh—That Section 10 of Article IV thereof is amended to  
40 read:



1 SEC. 10. (a) Each bill passed by the Legislature shall be  
2 presented to the Governor. It becomes a statute if it is signed by  
3 the Governor. The Governor may veto it by returning it with any  
4 objections to the house of origin, which shall enter the objections  
5 in the journal and proceed to reconsider it. If each house then  
6 passes the bill by rollcall vote entered in the journal, two-thirds of  
7 the membership concurring, it becomes a statute.

8 (b) (1) Any bill, other than a bill which would establish or  
9 change boundaries of any legislative, congressional, or other  
10 election district, passed by the Legislature on or before the date  
11 the Legislature adjourns for a joint recess to reconvene in the  
12 second calendar year of the biennium of the legislative session,  
13 and in the possession of the Governor after that date, that is not  
14 returned within 30 days after that date becomes a statute.

15 (2) Any bill passed by the Legislature before September 1 of  
16 the second calendar year of the biennium of the legislative session  
17 and in the possession of the Governor on or after September 1 that  
18 is not returned on or before September 30 of that year becomes a  
19 statute.

20 (3) Any other bill presented to the Governor that is not returned  
21 within 12 days becomes a statute.

22 (4) If the Legislature by adjournment of a special session  
23 prevents the return of a bill with the veto message, the bill becomes  
24 a statute unless the Governor vetoes the bill within 12 days after  
25 it is presented by depositing it and the veto message in the office  
26 of the Secretary of State.

27 (5) If the 12th day of the period within which the Governor is  
28 required to perform an act pursuant to paragraph (3) or (4) ~~of this~~  
29 ~~subdivision~~ is a Saturday, Sunday, or holiday, the period is  
30 extended to the next day that is not a Saturday, Sunday, or holiday.

31 (c) Any bill *other than a budget bill* introduced during the first  
32 year of the biennium of the legislative session that has not been  
33 passed by the house of origin by January 31 of the second calendar  
34 year of the biennium may no longer be acted on by the house. No  
35 bill may be passed by either house *convening in regular session*  
36 on or after September 1 of an even-numbered year except statutes  
37 calling elections, statutes providing for tax levies or appropriations  
38 for the usual current expenses of the State, and urgency statutes,  
39 and bills passed after being vetoed by the Governor.

1 (d) The Legislature may not present any bill to the Governor  
2 after November 15 of the second calendar year of the biennium of  
3 the legislative session.

4 (e) The Governor may reduce or eliminate one or more items  
5 of appropriation while approving other portions of a bill. The  
6 Governor shall append to the bill a statement of the items reduced  
7 or eliminated with the reasons for the action. The Governor shall  
8 transmit to the house originating the bill a copy of the statement  
9 and reasons. Items reduced or eliminated shall be separately  
10 reconsidered and may be passed over the Governor's veto in the  
11 same manner as bills.

12 (f) (1) If, following the enactment of the budget bill for the  
13 2004–05 fiscal year or any subsequent fiscal year *or fiscal period*,  
14 the Governor determines that, for that fiscal year *or fiscal period*,  
15 General Fund revenues will decline substantially below the estimate  
16 of General Fund revenues upon which the budget bill for that fiscal  
17 year *or fiscal period*, as enacted, was based, or General Fund  
18 expenditures will increase substantially above that estimate of  
19 General Fund revenues, or both, the Governor may issue a  
20 proclamation declaring a fiscal emergency and shall thereupon  
21 cause the Legislature to assemble in special session for this  
22 purpose. The proclamation shall identify the nature of the fiscal  
23 emergency and shall be submitted by the Governor to the  
24 Legislature, accompanied by proposed legislation to address the  
25 fiscal emergency.

26 (2) If the Legislature fails to pass and send to the Governor a  
27 bill or bills to address the fiscal emergency by the 45th day  
28 following the issuance of the proclamation, the Legislature may  
29 not act on any other bill, *unless it convenes in auxiliary session as*  
30 *provided in subdivision (c) of Section 3*, nor may the Legislature  
31 adjourn for a joint recess, until that bill or those bills have been  
32 passed and sent to the Governor.

33 (3) A bill addressing the fiscal emergency declared pursuant to  
34 this section shall contain a statement to that effect.

35 Eighth—That Section 12 of Article IV thereof is amended to  
36 read:

37 SEC. 12. (a) Within the first 10 days of each calendar year,  
38 the Governor shall submit to the Legislature, with an explanatory  
39 message, a budget for the ensuing fiscal year containing itemized  
40 statements for recommended state expenditures and estimated state

1 revenues. If recommended expenditures exceed estimated revenues,  
2 the Governor shall recommend the sources from which the  
3 additional revenues should be provided.

4 (b) The Governor and the Governor-elect may require a state  
5 agency, officer, or employee to furnish whatever information is  
6 deemed necessary to prepare the budget.

7 (c) (1) The budget shall be accompanied by a budget bill  
8 itemizing recommended expenditures.

9 (2) The budget bill shall be introduced immediately in each  
10 house by the persons chairing the committees that consider the  
11 budget.

12 (3) The Legislature shall pass the budget bill by midnight on  
13 June 15 of each year.

14 (4) Until the budget bill has been enacted, the Legislature shall  
15 not send to the Governor for consideration any bill appropriating  
16 funds for expenditure during the fiscal year for which the budget  
17 bill is to be enacted, except emergency bills recommended by the  
18 Governor or appropriations for the salaries and expenses of the  
19 Legislature.

20 (d) No bill except the budget bill may contain more than one  
21 item of appropriation, and that for one certain, expressed purpose.  
22 Appropriations from the General Fund of the State, except  
23 appropriations for the public schools, are void unless passed in  
24 each house by rollcall vote entered in the journal, two-thirds of  
25 the membership concurring.

26 (e) The Legislature may control the submission, approval, and  
27 enforcement of budgets and the filing of claims for all state  
28 agencies.

29 (f) For the 2004–05, 2005–06, 2006–07, 2007–08, 2008–09, or  
30 2009–10 fiscal year, ~~or any subsequent fiscal year~~, the Legislature  
31 may not send to the Governor for consideration, nor may the  
32 Governor sign into law, a budget bill that would appropriate from  
33 the General Fund, for that fiscal year, a total amount that, when  
34 combined with all appropriations from the General Fund for that  
35 fiscal year made as of the date of the budget bill's passage, and  
36 the amount of any General Fund moneys transferred to the Budget  
37 Stabilization Account for that fiscal year pursuant to Section 20  
38 of Article XVI, exceeds General Fund revenues for that fiscal year  
39 estimated as of the date of the budget bill's passage. That estimate

1 of General Fund revenues shall be set forth in the budget bill passed  
2 by the Legislature.

3 *(g) This section does not apply to any fiscal year or fiscal period*  
4 *commencing on or after July 1, 2010. This section shall remain in*  
5 *effect until July 1, 2010, and as of that date is repealed. It shall*  
6 *not apply to the budget or budget bill for the two-year fiscal period*  
7 *commencing July 1, 2010, or to subsequent two-year fiscal periods.*  
8 *Section 12, as added by the measure that added this subdivision,*  
9 *shall take effect on January 1, 2009.*

10 Ninth—That Section 12 is added to Article IV thereof, to read:

11 SEC. 12. (a) Within the first 10 days of 2009, and each  
12 subsequent odd-numbered year, the Governor shall submit to the  
13 Legislature, with an explanatory message, a budget for the two-year  
14 fiscal period commencing July 1 of the following even-numbered  
15 year, containing itemized statements for recommended state  
16 expenditures and estimated state revenues. If recommended  
17 expenditures exceed estimated revenues, the Governor shall  
18 recommend the sources from which the additional revenues should  
19 be provided.

20 (b) The Governor and the Governor-elect may require a state  
21 agency, officer, or employee to furnish whatever information is  
22 deemed necessary to prepare the budget.

23 (c) (1) The budget shall be accompanied by a budget bill  
24 itemizing recommended expenditures.

25 (2) The budget bill shall be introduced immediately in each  
26 house by the persons chairing the committees that consider the  
27 budget.

28 (3) Commencing April 1 of each odd-numbered year, the budget  
29 committee of each house shall meet at least monthly until the  
30 budget bill has been referred to conference committee or has been  
31 passed by that house, whichever occurs earlier.

32 (4) Within the first 10 days of each even-numbered year, the  
33 Governor shall submit to the Legislature any proposed revision to  
34 the budget.

35 (d) By midnight on May 1 of each even-numbered year, the  
36 Legislature shall pass a budget bill for the two-year period  
37 commencing July 1 of that year. If the budget bill is not passed by  
38 that time, the Legislature may consider no other legislation, and  
39 no policy or fiscal committees of either house other than the  
40 committees that consider the budget, until the budget bill is passed.

1 (e) If the Legislature fails to pass the budget bill by midnight  
2 on July 1, 2012, or July 1 of any subsequent even-numbered year,  
3 the amounts set forth in each item of appropriation in the budget  
4 act for the immediately preceding two-year fiscal period, excluding  
5 capital outlay appropriations, any reappropriations, and  
6 appropriations or reappropriations of federal funds, shall hereby  
7 be deemed appropriated for the current two-year fiscal period in  
8 the same amounts, for the same purposes, from the same funding  
9 sources, and under the same conditions that apply to those items  
10 of appropriation.

11 (f) Until the budget bill has been enacted, the Legislature shall  
12 not send to the Governor for consideration any bill appropriating  
13 funds for expenditure during the two-year fiscal period for which  
14 the budget bill is to be enacted, except emergency bills  
15 recommended by the Governor.

16 (g) No bill except the budget bill may contain more than one  
17 item of appropriation, and that for one certain, expressed purpose.  
18 Appropriations from the General Fund of the State, except  
19 appropriations for the public schools, are void unless passed in  
20 each house by rollcall vote entered in the journal, two-thirds of  
21 the membership concurring.

22 (h) The Legislature may control the submission, approval, and  
23 enforcement of budgets and the filing of claims for all state  
24 agencies.

25 (i) The Legislature shall not send to the Governor for  
26 consideration, nor shall the Governor sign into law, a budget bill  
27 that would appropriate from the General Fund, for any fiscal period,  
28 a total amount that, when combined with all appropriations from  
29 the General Fund for that fiscal period made as of the date of the  
30 budget bill's passage and the amount of any General Fund moneys  
31 transferred to the Budget Stabilization Account for that fiscal  
32 period pursuant to Section 20 of Article XVI, exceeds General  
33 Fund revenues for that fiscal period estimated as of the date of the  
34 budget bill's passage. That estimate of General Fund revenues  
35 shall be set forth in the budget bill passed by the Legislature.

36 Tenth—That Section 6 of Article IX thereof is amended to read:

37 SEC. 6. Each person, other than a substitute employee,  
38 employed by a school district as a teacher or in any other position  
39 requiring certification qualifications shall be paid a salary which  
40 shall be at the rate of an annual salary of not less than ~~twenty-four~~

1 *two thousand four* hundred dollars (\$2,400) for a person serving  
2 full time, as defined by law.

3 The Public School System shall include all kindergarten schools,  
4 elementary schools, secondary schools, technical schools, and state  
5 colleges, established in accordance with law and, in addition, the  
6 school districts and the other agencies authorized to maintain them.  
7 No school or college or any other part of the Public School System  
8 shall be, directly or indirectly, transferred from the Public School  
9 System or placed under the jurisdiction of any authority other than  
10 one included within the Public School System.

11 The Legislature shall add to the State School Fund such other  
12 means from the revenues of the State as shall provide in ~~said the~~  
13 fund for apportionment in each ~~fiscal school~~ year, an amount not  
14 less than one hundred eighty dollars (\$180) per pupil in average  
15 daily attendance in the kindergarten schools, elementary schools,  
16 secondary schools, and technical schools in the Public School  
17 System during the next preceding ~~fiscal school~~ year.

18 The entire State School Fund shall be apportioned in each fiscal  
19 year *or two-year fiscal period* in such manner as the Legislature  
20 may provide, through the school districts and other agencies  
21 maintaining such schools, for the support of, and aid to,  
22 kindergarten schools, elementary schools, secondary schools, and  
23 technical schools except that there shall be apportioned to each  
24 school district in each ~~fiscal school~~ year not less than one hundred  
25 twenty dollars (\$120) per pupil in average daily attendance in the  
26 district during the next preceding ~~fiscal school~~ year and except  
27 that the amount apportioned to each school district in each ~~fiscal~~  
28 ~~school~~ year shall be not less than ~~twenty-four~~ *two thousand four*  
29 hundred dollars (\$2,400).

30 Solely with respect to any retirement system provided for in the  
31 charter of any county or city and county pursuant to the provisions  
32 of which the contributions of, and benefits to, certificated  
33 employees of a school district who are members of ~~such the~~ system  
34 are based upon the proportion of the salaries of ~~such the~~ certificated  
35 employees contributed by ~~said the~~ county or city and county, all  
36 amounts apportioned to ~~said the~~ county or city and county, or to  
37 school districts therein, pursuant to ~~the provisions of~~ this section  
38 shall be considered as though derived from county or city and  
39 county school taxes for the support of county and city and county

1 government and not money provided by the State within the  
2 meaning of this section.

3 Eleventh—That Section 1 of Article XIII B thereof is amended  
4 to read:

5 SEC. 1. (a) The total annual appropriations subject to limitation  
6 of the State and of each local government shall not exceed the  
7 appropriations limit of the entity of government for the prior year  
8 adjusted for the change in the cost of living and the change in  
9 population, except as otherwise provided in this article.

10 (b) *This section does not apply to any fiscal year or fiscal period*  
11 *commencing on or after July 1, 2010. This section shall remain in*  
12 *effect until July 1, 2010, and as of that date is repealed. Section 1*  
13 *of Article XIII B, as added by the measure that added this*  
14 *subdivision, shall take effect January 1, 2010.*

15 Twelfth—That Section 1 is added to Article XIII B thereof, to  
16 read:

17 SECTION 1. (a) The total appropriations subject to limitation  
18 of the State for each two-year fiscal period shall not exceed the  
19 appropriations limit of the State for the prior two-year fiscal period  
20 adjusted for the change in the cost of living and the change in  
21 population, except as otherwise provided in this article. For the  
22 2010–12 fiscal period, the total appropriations subject to limitation  
23 of the State may not exceed the appropriations limits of the State  
24 for the 2008–09 and 2009–10 fiscal years, combined, adjusted for  
25 the change in the cost of living and the change in population, except  
26 as otherwise provided in this article.

27 (b) The total annual appropriations subject to limitation of each  
28 local government shall not exceed the appropriations limit of the  
29 entity of government for the prior year adjusted for the change in  
30 the cost of living and the change in population, except as otherwise  
31 provided in this article.

32 (c) This section shall apply to the two-year fiscal period  
33 commencing July 1, 2010, and to each subsequent two-year fiscal  
34 period.

35 Thirteenth—That Section 2 of Article XIII B thereof is amended  
36 to read:

37 SEC. 2. (a) (1) Fifty percent of all revenues received by the  
38 State in a fiscal year and in the fiscal year immediately following  
39 it in excess of the amount ~~which~~ *that* may be appropriated by the  
40 State in compliance with this article during that fiscal year and the

1 fiscal year immediately following it shall be transferred and  
2 allocated, from a fund established for that purpose, pursuant to  
3 Section 8.5 of Article XVI.

4 (2) Fifty percent of all revenues received by the State in a fiscal  
5 year and in the fiscal year immediately following it in excess of  
6 the amount ~~which~~*that* may be appropriated by the State in  
7 compliance with this article during that fiscal year and the fiscal  
8 year immediately following it shall be returned by a revision of  
9 tax rates or fee schedules ~~within~~*during* the ~~next~~*subsequent* two  
10 ~~subsequent~~ fiscal years.

11 (b) All revenues received by an entity of government, other than  
12 the State, in a fiscal year and in the fiscal year immediately  
13 following it in excess of the amount ~~which~~*that* may be  
14 appropriated by the entity in compliance with this article during  
15 that fiscal year and the fiscal year immediately following it shall  
16 be returned by a revision of tax rates or fee schedules ~~within~~*during*  
17 the ~~next~~*subsequent* two ~~subsequent~~ fiscal years.

18 (c) *This section does not apply to any fiscal year or fiscal period*  
19 *commencing on or after July 1, 2010. This section shall remain in*  
20 *effect until July 1, 2010, and as of that date is repealed. Section 2*  
21 *of Article XIII B, as added by the measure that added this*  
22 *subdivision, shall take effect January 1, 2010.*

23 Fourteenth—That Section 2 is added to Article XIII B thereof,  
24 to read:

25 SEC. 2. (a) (1) Fifty percent of all revenues received by the  
26 State in a two-year fiscal period in excess of the amount that may  
27 be appropriated by the State in compliance with this article during  
28 that period shall be transferred and allocated, from a fund  
29 established for that purpose, pursuant to Section 8.5 of Article  
30 XVI.

31 (2) Fifty percent of all revenues received by the State in a  
32 two-year fiscal period in excess of the amount that may be  
33 appropriated by the State in compliance with this article during  
34 that period shall be returned by a revision of tax rates or fee  
35 schedules within the subsequent fiscal period.

36 (b) All revenues received by an entity of government other than  
37 the State in a fiscal year and in the subsequent fiscal year in excess  
38 of the amount that may be appropriated by the entity in compliance  
39 with this article during that fiscal year and the fiscal year



1 immediately following it shall be returned by a revision of tax  
2 rates or fee schedules within the next two subsequent fiscal years.

3 (c) This section shall apply to the two-year fiscal period  
4 commencing July 1, 2010, and to each subsequent two-year fiscal  
5 period.

6 Fifteenth—That Section 3 of Article XIII B thereof is amended  
7 to read:

8 SEC. 3. The appropriations limit for any fiscal year pursuant  
9 to ~~See Section~~ 1 shall be adjusted as follows:

10 (a) ~~In the event that~~ If the financial responsibility of providing  
11 services is transferred, in whole or in part, whether by annexation,  
12 incorporation, or otherwise, from one entity of government to  
13 another, then for the year in which ~~such the~~ transfer becomes  
14 effective the appropriations limit of the transferee entity shall be  
15 increased by such reasonable amount as ~~the said those~~ entities shall  
16 mutually agree and the appropriations limit of the transferor entity  
17 shall be decreased by the same amount.

18 (b) ~~In the event that~~ If the financial responsibility of providing  
19 services is transferred, in whole or in part, from an entity of  
20 government to a private entity, or the financial source for the  
21 provision of services is transferred, in whole or in part, from other  
22 revenues of an entity of government, to regulatory licenses, user  
23 charges, or user fees, then for the year of ~~such the~~ transfer the  
24 appropriations limit of ~~such the~~ entity of government shall be  
25 decreased accordingly.

26 (c) (1) ~~In the event~~ If an emergency is declared by the legislative  
27 body of an entity of government, the appropriations limit of the  
28 affected entity of government may be exceeded provided that the  
29 appropriations limits in the following three years are reduced  
30 accordingly to prevent an aggregate increase in appropriations  
31 resulting from the emergency.

32 (2) ~~In the event~~ If an emergency is declared by the Governor,  
33 appropriations approved by a two-thirds vote of the legislative  
34 body of an affected entity of government to an emergency account  
35 for expenditures relating to that emergency ~~shall do~~ not constitute  
36 appropriations subject to limitation. As used in this paragraph,  
37 “emergency” means the existence, as declared by the Governor,  
38 of conditions of disaster or of extreme peril to the safety of persons  
39 and property within the State, or parts thereof, caused by such  
40 conditions as attack or probable or imminent attack by an enemy

1 of the United States, fire, flood, drought, storm, civil disorder,  
2 earthquake, or volcanic eruption.

3 *(d) This section does not apply to any fiscal year or fiscal period*  
4 *commencing on or after July 1, 2010. This section shall remain in*  
5 *effect until July 1, 2010, and as of that date is repealed. Section 3*  
6 *of Article XIII B, as added by the measure that added this*  
7 *subdivision, shall take effect on January 1, 2010.*

8 Sixteenth—That Section 3 is added to Article XIII B thereof,  
9 to read:

10 SEC. 3. The appropriations limit for the 2010–12 fiscal period  
11 or any subsequent two-year fiscal period, in the case of the State,  
12 or for one fiscal year, in the case of an entity of government other  
13 than the State, pursuant to Section 1 shall be adjusted as follows:

14 (a) If the financial responsibility of providing services is  
15 transferred, in whole or in part, whether by annexation,  
16 incorporation, or otherwise, from one entity of government to  
17 another, then, for the fiscal period or fiscal year in which the  
18 transfer becomes effective, the appropriations limit of the transferee  
19 entity shall be increased by such reasonable amount as the affected  
20 entities shall mutually agree to and the appropriations limit of the  
21 transferor entity shall be decreased by the same amount.

22 (b) If the financial responsibility of providing services is  
23 transferred, in whole or in part, from an entity of government to a  
24 private entity, or the financial source for the provision of services  
25 is transferred, in whole or in part, from other revenues of an entity  
26 of government, to regulatory licenses, user charges, or user fees,  
27 then, for the fiscal period or fiscal year of that transfer, the  
28 appropriations limit of the affected entity of government shall be  
29 decreased accordingly.

30 (c) (1) If an emergency is declared by the legislative body of  
31 an entity of government, the appropriations limit of the affected  
32 entity of government may be exceeded, provided that the  
33 appropriations limits in the following two fiscal periods, in the  
34 case of the State, or three fiscal years, in the case of local  
35 government, are reduced accordingly to prevent an aggregate  
36 increase in appropriations resulting from the emergency.

37 (2) If an emergency is declared by the Governor, appropriations  
38 approved by a two-thirds vote of the legislative body of an affected  
39 entity of government to an emergency account for expenditures  
40 relating to that emergency do not constitute appropriations subject

1 to limitation. As used in this paragraph, “emergency” means the  
2 existence, as declared by the Governor, of conditions of disaster  
3 or of extreme peril to the safety of persons and property within the  
4 State, or parts thereof, caused by such conditions as attack or  
5 probable or imminent attack by an enemy of the United States,  
6 fire, flood, drought, storm, civil disorder, earthquake, or volcanic  
7 eruption.

8 Seventeenth—That Section 6 of Article XIII B thereof is  
9 amended to read:

10 SEC. 6. (a) Whenever the Legislature or any state agency  
11 mandates a new program or higher level of service on any local  
12 government, the State shall provide a subvention of funds to  
13 reimburse that local government for the costs of the program or  
14 increased level of service, except that the Legislature may, but  
15 need not, provide a subvention of funds for the following mandates:

16 (1) Legislative mandates requested by the local agency affected.

17 (2) Legislation defining a new crime or changing an existing  
18 definition of a crime.

19 (3) Legislative mandates enacted prior to January 1, 1975, or  
20 executive orders or regulations initially implementing legislation  
21 enacted prior to January 1, 1975.

22 (b) (1) ~~Except as provided in paragraph (2), for~~ For the 2005–06  
23 ~~fiscal year and every subsequent fiscal year, 2006–07, 2007–08,~~  
24 ~~and 2009–10 fiscal years, and for every two-year fiscal period~~  
25 ~~thereafter,~~ for a mandate for which the costs of a local government  
26 claimant have been determined in a preceding fiscal year to be  
27 payable by the State pursuant to law, the Legislature shall either  
28 appropriate, in the ~~annual Budget Act~~ *budget act*, the full payable  
29 amount that has not been previously paid, or suspend the operation  
30 of the mandate for the fiscal year *or fiscal period* for which the  
31 ~~annual Budget Act~~ *budget act* is applicable in a manner prescribed  
32 by law.

33 ~~(2) Payable claims for costs incurred prior to the 2004–05 fiscal~~  
34 ~~year that have not been paid prior to the 2005–06 fiscal year may~~  
35 ~~be paid over a term of years, as prescribed by law.~~

36 ~~(3)~~

37 (2) Ad valorem property tax revenues shall not be used to  
38 reimburse a local government for the costs of a new program or  
39 higher level of service.

40 ~~(4)~~

(3) This subdivision applies to a mandate only as it affects a city, county, city and county, or special district.

~~(5)~~

(4) This subdivision shall not apply to a requirement to provide or recognize any procedural or substantive protection, right, benefit, or employment status of any local government employee or retiree, or of any local government employee organization, that arises from, affects, or directly relates to future, current, or past local government employment and that constitutes a mandate subject to this section.

(c) A mandated new program or higher level of service includes a transfer by the Legislature from the State to cities, counties, cities and counties, or special districts of complete or partial financial responsibility for a required program for which the State previously had complete or partial financial responsibility.

Eighteenth—That Section 8 of Article XIII B thereof is amended to read:

SEC. 8. As used in this article and except as otherwise expressly provided herein:

(a) “Appropriations subject to limitation” of the State means any authorization to expend during a fiscal year the proceeds of taxes levied by or for the State, exclusive of state subventions for the use and operation of local government (other than subventions made pursuant to Section 6) and further exclusive of refunds of taxes, benefit payments from retirement, unemployment insurance, and disability insurance funds.

(b) “Appropriations subject to limitation” of an entity of local government means any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of state subventions to that entity (other than subventions made pursuant to Section 6) exclusive of refunds of taxes.

(c) “Proceeds of taxes” ~~shall include~~ *includes*, but ~~not be~~ *is not* restricted to, all tax revenues and the proceeds to an entity of government, from (1) regulatory licenses, user charges, and user fees to the extent that those proceeds exceed the costs reasonably borne by that entity in providing the regulation, product, or service, and (2) the investment of tax revenues. With respect to any local government, “proceeds of taxes” ~~shall include~~ *includes* subventions received from the State, other than pursuant to Section 6, and, with

1 respect to the State, proceeds of taxes ~~shall exclude such~~ *excludes*  
2 *these* subventions.

3 (d) “Local government” means any city, county, city and county,  
4 school district, special district, authority, or other political  
5 subdivision of or within the State.

6 (e) (1) “Change in the cost of living” for the State, a school  
7 district, or a community college district means the percentage  
8 change in California per capita personal income from the preceding  
9 year.

10 (2) “Change in the cost of living” for an entity of local  
11 government, other than a school district or a community college  
12 district, ~~shall be means~~ either (A) the percentage change in  
13 California per capita personal income from the preceding year, or  
14 (B) the percentage change in the local assessment roll from the  
15 preceding year for the jurisdiction due to the addition of local  
16 nonresidential new construction. Each entity of local government  
17 shall select its change in the cost of living pursuant to this  
18 paragraph annually by a recorded vote of the entity’s governing  
19 body.

20 (f) “Change in population” of any entity of government, other  
21 than the State, a school district, or a community college district,  
22 shall be determined by a method prescribed by the Legislature.

23 “Change in population” of a school district or a community  
24 college district ~~shall be means~~ the percentage change in the average  
25 daily attendance of the school district or *the number of*  
26 *full-time-equivalent students of the* community college district  
27 from the preceding fiscal year, as determined by a method  
28 prescribed by the Legislature.

29 “Change in population” of the State shall be determined by  
30 adding (1) the percentage change in the State’s population  
31 multiplied by the percentage of the State’s budget in the prior fiscal  
32 year that is expended for other than educational purposes for  
33 kindergarten and grades ~~one~~ 1 to 12, inclusive, and the community  
34 colleges, and (2) the percentage change in the total statewide  
35 average daily attendance in kindergarten and grades one to 12,  
36 inclusive, and the *number of full-time-equivalent students of the*  
37 community colleges, multiplied by the percentage of the State’s  
38 budget in the prior fiscal year that is expended for educational  
39 purposes for kindergarten and grades ~~one~~ 1 to 12, inclusive, and  
40 the community colleges.

1 Any determination of population pursuant to this subdivision,  
2 other than that measured by average daily attendance *or number*  
3 *of full-time-equivalent students*, shall be revised, as necessary, to  
4 reflect the periodic census conducted by the United States  
5 Department of Commerce, or successor department.

6 (g) “Debt service” means appropriations required to pay the  
7 cost of interest and redemption charges, including the funding of  
8 any reserve or sinking fund required in connection therewith, on  
9 indebtedness existing or legally authorized as of January 1, 1979,  
10 or on bonded indebtedness thereafter approved according to law  
11 by a vote of the electors of the issuing entity voting in an election  
12 for that purpose.

13 (h) The “appropriations limit” of each entity of government for  
14 each fiscal year is ~~that the~~ amount ~~which that~~ total annual  
15 appropriations subject to limitation may not exceed under Sections  
16 1 and 3. However, the “appropriations limit” of each entity of  
17 government for *the 1978–79* fiscal year ~~1978–79~~ is the total of the  
18 appropriations subject to limitation of the entity for that fiscal year.  
19 For *the 1978–79* fiscal year ~~1978–79~~, state subventions to local  
20 governments, exclusive of federal grants, are deemed to have been  
21 derived from the proceeds of state taxes.

22 (i) Except as otherwise provided in Section 5, “appropriations  
23 subject to limitation” do not include local agency loan funds or  
24 indebtedness funds, investment (or authorizations to invest) funds  
25 of the State, or of an entity of local government in accounts at  
26 banks or savings and loan associations or in liquid securities.

27 (j) *This section does not apply to any fiscal year or fiscal period*  
28 *commencing on or after July 1, 2010. This section shall remain in*  
29 *effect until July 1, 2010, and as of that date is repealed. Section 8*  
30 *of Article XIII B, as added by the measure that added this*  
31 *subdivision, shall take effect on January 1, 2010, and apply to the*  
32 *two-year fiscal period commencing July 1, 2010, and to each*  
33 *subsequent two-year fiscal period.*

34 Nineteenth—That Section 8 is added to Article XIII B thereof,  
35 to read:

36 SEC. 8. As used in this article, and except as otherwise  
37 expressly provided herein:

38 (a) “Appropriations subject to limitation” of the State means  
39 any authorization to expend during a two-year fiscal period the  
40 proceeds of taxes levied by or for the State, exclusive of state

1 subventions for the use and operation of local government, other  
2 than subventions made pursuant to Section 6, and further exclusive  
3 of refunds of taxes, benefit payments from retirement,  
4 unemployment insurance, and disability insurance funds.

5 (b) “Appropriations subject to limitation” of an entity of local  
6 government means any authorization to expend during one fiscal  
7 year the proceeds of taxes levied by or for that entity and the  
8 proceeds of state subventions to that entity (other than subventions  
9 made pursuant to Section 6) exclusive of refunds of taxes.

10 (c) “Proceeds of taxes” includes, but is not restricted to, all tax  
11 revenues and the proceeds to an entity of government from (1)  
12 regulatory licenses, user charges, and user fees to the extent that  
13 those proceeds exceed the costs reasonably borne by that entity in  
14 providing the regulation, product, or service, and (2) the investment  
15 of tax revenues. With respect to any local government, “proceeds  
16 of taxes” includes subventions received from the State, other than  
17 pursuant to Section 6, and, with respect to the State, proceeds of  
18 taxes excludes these subventions.

19 (d) “Local government” means any city, county, city and county,  
20 school district, special district, authority, or other political  
21 subdivision of or within the State.

22 (e) (1) “Change in the cost of living” for the State, a school  
23 district, or a community college district means the percentage  
24 change in California per capita personal income from the preceding  
25 two-year fiscal period, in the case of the State, or one fiscal year,  
26 in the case of a school district or community college district.

27 (2) “Change in the cost of living” for an entity of local  
28 government, other than a school district or a community college  
29 district, means either (A) the percentage change in California per  
30 capita personal income from the preceding year, or (B) the  
31 percentage change in the local assessment roll from the preceding  
32 year for the jurisdiction due to the addition of local nonresidential  
33 new construction. Each entity of local government shall select its  
34 change in the cost of living pursuant to this paragraph annually by  
35 a recorded vote of the entity’s governing body.

36 (f) “Change in population” of any entity of government, other  
37 than the State, a school district, or a community college district,  
38 shall be determined by a method prescribed by the Legislature.  
39 “Change in population” of a school district or a community college  
40 district means the percentage change in the average daily

1 attendance of the school district or the number of  
2 full-time-equivalent students of the community college district  
3 from the preceding fiscal year, as determined by a method  
4 prescribed by the Legislature. “Change in population” of the State  
5 shall be determined by adding (1) the percentage change in the  
6 State’s population multiplied by the percentage of the State’s  
7 budget in the prior two-year fiscal period that is expended for other  
8 than educational purposes for kindergarten and grades 1 to 12,  
9 inclusive, and the community colleges, and (2) the percentage  
10 change in the total statewide average daily attendance in  
11 kindergarten and grades 1 to 12, inclusive, and the number of  
12 full-time-equivalent students in the community colleges, multiplied  
13 by the percentage of the State’s budget in the prior two-year fiscal  
14 period that is expended for educational purposes for kindergarten  
15 and grades 1 to 12, inclusive, and the community colleges. Any  
16 determination of population pursuant to this subdivision, other  
17 than that measured by average daily attendance or the number of  
18 full-time-equivalent students, shall be revised, as necessary, to  
19 reflect the periodic census conducted by the United States  
20 Department of Commerce, or successor department.

21 (g) “Debt service” means appropriations required to pay the cost  
22 of interest and redemption charges, including the funding of any  
23 reserve or sinking fund required in connection therewith, on  
24 indebtedness existing or legally authorized as of January 1, 1979,  
25 or on bonded indebtedness thereafter approved according to law  
26 by a vote of the electors of the issuing entity voting in an election  
27 for that purpose.

28 (h) The “appropriations limit” of each entity of government for  
29 each respective fiscal year or fiscal period, as appropriate, is that  
30 amount that the total appropriations subject to limitation may not  
31 exceed under Sections 1 and 3. However, the “appropriations limit”  
32 of each entity of government for the 1978–79 fiscal year is the  
33 total of the appropriations subject to limitation of the entity for  
34 that fiscal year. For the 1978–79 fiscal year, state subventions to  
35 local governments, exclusive of federal grants, are deemed to have  
36 been derived from the proceeds of state taxes.

37 (i) Except as otherwise provided in Section 5, “appropriations  
38 subject to limitation” do not include local agency loan funds or  
39 indebtedness funds, or investment, or authorizations to invest,



1 funds of the State or of an entity of local government in accounts  
2 at banks or savings and loan associations or in liquid securities.

3 Twentieth—That Section 10.5 of Article XIII B thereof is  
4 amended to read:

5 SEC. 10.5. (a) For fiscal years beginning on or after July 1,  
6 1990, *except as provided in subdivision (b)*, the appropriations  
7 limit of each entity of government shall be the appropriations limit  
8 for the 1986–87 fiscal year adjusted for the changes made from  
9 that fiscal year pursuant to this article, as amended by the measure  
10 adding this section, adjusted for the changes required by Section  
11 3.

12 (b) *In the case of the State, beginning with the two-year fiscal*  
13 *period commencing on July 1, 2010, and for each subsequent*  
14 *two-year fiscal period, the appropriations limit shall be the*  
15 *aggregate of the appropriations limits for the 2008–09 and*  
16 *2009–10 fiscal years, adjusted for the changes made pursuant to*  
17 *this article.*

18 Twenty-First—That Section 14 is added to Article XIII B  
19 thereof, to read:

20 SEC. 14. State subventions to an entity of local government  
21 during the two-year fiscal period commencing July 1, 2010, and  
22 subsequent fiscal periods, shall be applied to an appropriate fiscal  
23 year, as specified by statute, for purposes of determining  
24 appropriations subject to limitation for that entity.

25 Twenty-Second—That Section 8 of Article XVI thereof is  
26 amended to read:

27 SEC. 8. (a) From all state revenues there shall first be set apart  
28 the moneys to be applied by the State for support of the public  
29 school system and public institutions of higher education.

30 (b) Commencing with the 1990–91 fiscal year, the moneys to  
31 be applied by the State for the support of school districts and  
32 community college districts shall be not less than the greater of  
33 the following amounts:

34 (1) The amount ~~which~~ *that*, as a percentage of General Fund  
35 revenues ~~which~~ *that* may be appropriated pursuant to Article XIII B,  
36 equals the percentage of General Fund revenues appropriated for  
37 school districts and community college districts, respectively, in  
38 *the 1986–87 fiscal year* ~~1986–87~~.

39 (2) The amount required to ensure that the total allocations to  
40 school districts and community college districts from General Fund

1 proceeds of taxes appropriated pursuant to Article XIII B and  
2 allocated local proceeds of taxes shall not be less than the total  
3 amount from these sources in the prior fiscal year, excluding any  
4 revenues allocated pursuant to subdivision (a) of Section 8.5,  
5 adjusted for changes in enrollment and adjusted for the change in  
6 the cost of living pursuant to paragraph (1) of subdivision (e) of  
7 Section 8 of Article XIII B. This paragraph shall be operative only  
8 in a fiscal year in which the percentage growth in California per  
9 capita personal income is less than or equal to the percentage  
10 growth in per capita General Fund revenues plus ~~one-half of one~~  
11 *one-half of 1* percent.

12 (3) (A) The amount required to ensure that the total allocations  
13 to school districts and community college districts from General  
14 Fund proceeds of taxes appropriated pursuant to Article XIII B  
15 and allocated local proceeds of taxes shall equal the total amount  
16 from these sources in the prior fiscal year, excluding any revenues  
17 allocated pursuant to subdivision (a) of Section 8.5, adjusted for  
18 changes in enrollment and adjusted for the change in per capita  
19 General Fund revenues.

20 (B) In addition, an amount equal to one-half of ~~one~~-1 percent  
21 times the prior year total allocations to school districts and  
22 community colleges from General Fund proceeds of taxes  
23 appropriated pursuant to Article XIII B and allocated local proceeds  
24 of taxes, excluding any revenues allocated pursuant to subdivision  
25 (a) of Section 8.5, adjusted for changes in enrollment.

26 (C) This paragraph (3) shall be operative only in a fiscal year  
27 in which the percentage growth in California per capita personal  
28 income in a fiscal year is greater than the percentage growth in  
29 per capita General Fund revenues plus ~~one-half of one~~-*one-half of*  
30 *1* percent.

31 (c) In any fiscal year, if the amount computed pursuant to  
32 paragraph (1) of subdivision (b) exceeds the amount computed  
33 pursuant to paragraph (2) of subdivision (b) by a difference that  
34 exceeds one and one-half percent of General Fund revenues, the  
35 amount in excess of ~~one and one-half~~ 1 1/2 percent of General Fund  
36 revenues shall not be considered allocations to school districts and  
37 community colleges-college districts for purposes of computing  
38 the amount of state aid pursuant to paragraph (2) or 3-(3) of  
39 subdivision (b) in the subsequent fiscal year.

(d) In any fiscal year in which school districts and community college districts are allocated funding pursuant to paragraph (3) of subdivision (b) or pursuant to subdivision ~~(h)~~ (g), they shall be entitled to a maintenance factor, equal to the difference between (1) the amount of General Fund moneys ~~which~~ *that* would have been appropriated pursuant to paragraph (2) of subdivision (b) if that paragraph had been operative or the amount of General Fund moneys ~~which~~ *that* would have been appropriated pursuant to subdivision (b) had subdivision (b) not been suspended, and (2) the amount of General Fund moneys actually appropriated to school districts and community college districts in that fiscal year.

(e) The maintenance factor for school districts and community college districts determined pursuant to subdivision (d) shall be adjusted annually for changes in enrollment, and adjusted for the change in the cost of living pursuant to paragraph (1) of subdivision (e) of Section 8 of Article XIII B, until it has been allocated in full. The maintenance factor shall be allocated in a manner determined by the Legislature in each fiscal year in which the percentage growth in per capita General Fund revenues exceeds the percentage growth in California per capita personal income. The maintenance factor shall be reduced each *fiscal* year by the amount allocated by the Legislature in that fiscal year. The minimum maintenance factor amount to be allocated in a fiscal year shall be equal to the product of General Fund revenues from proceeds of taxes and one-half of the difference between the percentage growth in per capita General Fund revenues from proceeds of taxes and in California per capita personal income, not to exceed the total dollar amount of the maintenance factor.

(f) For purposes of this section, “changes in enrollment” shall be measured by the percentage change in average daily attendance. However, in any fiscal year, there shall be no adjustment for decreases in enrollment between the prior fiscal year and the current fiscal year unless there have been decreases in enrollment between the second prior fiscal year and the prior fiscal year and between the third prior fiscal year and the second prior fiscal year.

~~(h)~~  
(g) Subparagraph (B) of paragraph (3) of subdivision (b) may be suspended for one year only when made part of or included within any bill enacted pursuant to Section 12 of Article IV. All other provisions of subdivision (b) may be suspended for one year

1 by the enactment of an urgency statute pursuant to Section 8 of  
2 Article IV, provided that the urgency statute may not be made part  
3 of or included within any bill enacted pursuant to Section 12 of  
4 Article IV.

5 *(h) This section does not apply to any fiscal year or fiscal period*  
6 *commencing on or after July 1, 2010. This section shall remain in*  
7 *effect until July 1, 2010, and as of that date is repealed. Section 8*  
8 *of Article XVI, as added by the measure that amended this section*  
9 *by adding this subdivision, shall take effect January 1, 2010.*

10 Twenty-Third—That Section 8 is added to Article XVI thereof,  
11 to read:

12 SEC. 8. (a) From all state revenues there shall first be set apart  
13 the moneys to be applied by the State for support of the public  
14 school system and public institutions of higher education.

15 (b) Commencing with the 2010–12 fiscal period, the moneys  
16 to be applied by the State for the support of school districts and  
17 community college districts for each year shall be not less than  
18 the greater of the following amounts:

19 (1) The amount that, as a percentage of General Fund revenues  
20 that may be appropriated pursuant to Article XIII B, equals the  
21 percentage of General Fund revenues appropriated for school  
22 districts and community college districts, respectively, in the  
23 1986–87 fiscal year.

24 (2) The amount required to ensure that the total allocations to  
25 school districts and community college districts from General Fund  
26 proceeds of taxes appropriated pursuant to Article XIII B and  
27 allocated local proceeds of taxes is not less than the total amount  
28 from these sources in the prior fiscal period, excluding any  
29 revenues allocated pursuant to subdivision (a) of Section 8.5,  
30 adjusted for changes in enrollment and for the change in the cost  
31 of living pursuant to paragraph (1) of subdivision (e) of Section 8  
32 of Article XIII B. This paragraph shall be operative only in a fiscal  
33 period in which the percentage growth in California per capita  
34 personal income is less than or equal to the percentage growth in  
35 per capita General Fund revenues plus one-half of 1 percent. For  
36 purposes of the fiscal period commencing July 1, 2010, “prior  
37 fiscal period,” as used in this paragraph and paragraph (3), is  
38 deemed to refer to, collectively, the 2008–09 and 2009–10 fiscal  
39 years.

1 (3) (A) The amount required to ensure that the total allocations  
2 to school districts and community college districts from General  
3 Fund proceeds of taxes appropriated pursuant to Article XIII B  
4 and allocated local proceeds of taxes equals the total amount from  
5 these sources in the prior fiscal period, excluding any revenues  
6 allocated pursuant to subdivision (a) of Section 8.5, adjusted for  
7 changes in enrollment and for the change in per capita General  
8 Fund revenues.

9 (B) In addition, an amount equal to one-half of 1 percent times  
10 the prior fiscal period total allocations to school districts and  
11 community colleges from General Fund proceeds of taxes  
12 appropriated pursuant to Article XIII B and allocated local proceeds  
13 of taxes, excluding any revenues allocated pursuant to subdivision  
14 (a) of Section 8.5, adjusted for changes in enrollment.

15 (C) This paragraph (3) shall be operative only in a fiscal period  
16 in which the percentage growth in California per capita personal  
17 income in a fiscal period is greater than the percentage growth in  
18 per capita General Fund revenues plus one-half of 1 percent.

19 (c) In any fiscal period, if the amount computed pursuant to  
20 paragraph (1) of subdivision (b) exceeds the amount computed  
21 pursuant to paragraph (2) of subdivision (b) by a difference that  
22 exceeds 1 ½ percent of General Fund revenues, the amount in  
23 excess of 1 ½ percent of General Fund revenues is not considered  
24 allocations to school districts and community college districts for  
25 purposes of computing the amount of state aid pursuant to  
26 paragraph (2) or (3) of subdivision (b) in the subsequent fiscal  
27 period.

28 (d) In any fiscal period in which school districts and community  
29 college districts are allocated funding pursuant to paragraph (3)  
30 of subdivision (b) or pursuant to subdivision (g), they shall be  
31 entitled to a maintenance factor, equal to the difference between  
32 (1) the amount of General Fund moneys that would have been  
33 appropriated pursuant to paragraph (2) of subdivision (b), if that  
34 paragraph had been operative, or the amount of General Fund  
35 moneys that would have been appropriated pursuant to subdivision  
36 (b) had subdivision (b) not been suspended, and (2) the amount of  
37 General Fund moneys actually appropriated to school districts and  
38 community college districts in that fiscal period.

39 (e) The maintenance factor for school districts and community  
40 college districts determined pursuant to subdivision (d) shall be

1 adjusted each fiscal period for changes in enrollment, and adjusted  
2 for the change in the cost of living pursuant to paragraph (1) of  
3 subdivision (e) of Section 8 of Article XIII B, until it has been  
4 allocated in full. The maintenance factor shall be allocated in a  
5 manner determined by the Legislature in each fiscal period in  
6 which the percentage growth in per capita General Fund revenues  
7 exceeds the percentage growth in California per capita personal  
8 income. The maintenance factor shall be reduced each period by  
9 the amount allocated by the Legislature in that fiscal period. The  
10 minimum maintenance factor amount to be allocated in a fiscal  
11 period shall be equal to the product of General Fund revenues from  
12 proceeds of taxes and one-half of the difference between the  
13 percentage growth in per capita General Fund revenues from  
14 proceeds of taxes and in California per capita personal income,  
15 not to exceed the total dollar amount of the maintenance factor.  
16 The adjustments and repayment shall also include the maintenance  
17 factors, if any, determined pursuant to subdivision (d) of the  
18 predecessor to this section.

19 (f) For purposes of this section, “changes in enrollment” shall  
20 be measured by the percentage change in average daily attendance.  
21 However, in any fiscal period, there shall be no adjustment for  
22 decreases in enrollment between the prior fiscal period and the  
23 current fiscal period unless there were also decreases in enrollment  
24 between the second prior fiscal period and the prior fiscal period.  
25 For purposes of this subdivision, “prior fiscal period” as applied  
26 prior to July 1, 2010, refers to the average of the enrollments for  
27 the 2008–09 and 2009–10 fiscal years.

28 (g) Subparagraph (B) of paragraph (3) of subdivision (b) may  
29 be suspended for one fiscal period only when made part of or  
30 included within any bill enacted pursuant to Section 12 of Article  
31 IV. All other provisions of subdivision (b) may be suspended for  
32 one fiscal period by the enactment of an urgency statute pursuant  
33 to Section 8 of Article IV, provided that the urgency statute shall  
34 not be made part of or included within any bill enacted pursuant  
35 to Section 12 of Article IV.

36 (h) This section shall apply to the two-year fiscal period  
37 commencing July 1, 2010, and to each subsequent two-year fiscal  
38 period.

39 Twenty-Fourth—That Section 8.5 of Article XVI thereof is  
40 amended to read:

SEC. 8.5. (a) In addition to the amount required to be applied for the support of school districts and community college districts pursuant to Section 8, ~~the Controller shall~~ during each fiscal year *the Controller shall* transfer and allocate all revenues available pursuant to paragraph 4 (1) of subdivision (a) of Section 2 of Article XIII B to that portion of the State School Fund restricted for elementary and high school purposes, and to that portion of the State School Fund restricted for community college purposes, respectively, in proportion to the enrollment in school districts and community college districts respectively.

(1) With respect to funds allocated to that portion of the State School Fund restricted for elementary and high school purposes, no transfer or allocation of funds pursuant to this section shall be required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditure per student of the 10 states with the highest annual expenditures per student for elementary and high schools, and that average class size equals or is less than the average class size of the 10 states with the lowest class size for elementary and high schools.

(2) With respect to funds allocated to that portion of the State School Fund restricted for community college purposes, no transfer or allocation of funds pursuant to this section shall be required at any time that the Director of Finance and the Chancellor of the California Community Colleges mutually determine that current annual expenditures per student for community colleges in this State equal or exceed the average annual expenditure per student of the 10 states with the highest annual expenditures per student for community colleges.

(b) Notwithstanding ~~the provisions of~~ Article XIII B, funds allocated pursuant to this section ~~shall do~~ not constitute appropriations subject to limitation.

(c) From any funds transferred to the State School Fund pursuant to subdivision (a), the Controller shall, each *fiscal* year, allocate to each school district and community college district an equal amount per enrollment in school districts from the amount in that portion of the State School Fund restricted for elementary and high school purposes and an equal amount per enrollment in community

1 college districts from that portion of the State School Fund  
2 restricted for community college purposes.

3 (d) All revenues allocated pursuant to subdivision (a) shall be  
4 expended solely for the purposes of instructional improvement  
5 and accountability as required by law.

6 (e) Any school district maintaining an elementary or secondary  
7 school shall develop and cause to be prepared an annual audit  
8 accounting for ~~such~~ funds *received under subdivision (a)* and shall  
9 adopt a School Accountability Report Card for each school.

10 (f) *This section does not apply to any fiscal year or fiscal period*  
11 *commencing on or after July 1, 2010. This section does not apply*  
12 *to any fiscal year or fiscal period commencing on or after July 1,*  
13 *2010. This section shall remain in effect until July 1, 2010, and as*  
14 *of that date is repealed. Section 8.5 of Article XVI, as added by*  
15 *the measure that added this subdivision, shall take effect January*  
16 *1, 2010.*

17 Twenty-Fifth—That Section 8.5 is added to Article XVI thereof,  
18 to read:

19 SEC. 8.5. (a) In addition to the amount required to be applied  
20 for the support of school districts and community college districts  
21 pursuant to Section 8, during each fiscal year the Controller shall  
22 transfer and allocate all revenues available pursuant to paragraph  
23 (1) of subdivision (a) of Section 2 of Article XIII B to that portion  
24 of the State School Fund restricted for elementary and high school  
25 purposes, and to that portion of the State School Fund restricted  
26 for community college purposes, respectively, in proportion to the  
27 enrollment in school districts and community college districts  
28 respectively.

29 (1) With respect to funds allocated to that portion of the State  
30 School Fund restricted for elementary and high school purposes,  
31 no transfer or allocation of funds pursuant to this section is required  
32 at any time that the Director of Finance and the Superintendent of  
33 Public Instruction mutually determine that current annual  
34 expenditures per pupil equal or exceed the average annual  
35 expenditure per pupil of the 10 states with the highest annual  
36 expenditures per pupil for elementary and high schools, and that  
37 average class size equals or is less than the average class size of  
38 the 10 states with the lowest class size for elementary and high  
39 schools.



1 (2) With respect to funds allocated to that portion of the State  
2 School Fund restricted for community college purposes, no transfer  
3 or allocation of funds pursuant to this section is required at any  
4 time that the Director of Finance and the Chancellor of the  
5 California Community Colleges mutually determine that current  
6 annual expenditures per student for community colleges in this  
7 State equal or exceed the average annual expenditure per student  
8 of the 10 states with the highest annual expenditures per student  
9 for community colleges.

10 (b) Notwithstanding Article XIII B, funds allocated pursuant to  
11 this section do not constitute appropriations subject to limitation.

12 (c) From any funds transferred to the State School Fund pursuant  
13 to subdivision (a), the Controller shall, each fiscal period, allocate  
14 to each school district and community college district an equal  
15 amount per enrollment in school districts from the amount in that  
16 portion of the State School Fund restricted for elementary and high  
17 school purposes and an equal amount per enrollment in community  
18 college districts from that portion of the State School Fund  
19 restricted for community college purposes.

20 (d) All revenues allocated pursuant to subdivision (a) shall be  
21 expended solely for the purposes of instructional improvement  
22 and accountability as required by law.

23 (e) Any school district maintaining an elementary or secondary  
24 school shall develop and cause to be prepared an annual audit  
25 accounting for funds received under subdivision (a) and shall adopt  
26 a School Accountability Report Card for each school.

27 (f) This section shall apply to the two-year fiscal period  
28 commencing July 1, 2010, and to each subsequent two-year fiscal  
29 period.

30 Twenty-Sixth—That Section 20 of Article XVI thereof is  
31 amended to read:

32 SEC. 20. (a) The Budget Stabilization Account is hereby  
33 created in the General Fund.

34 (b) In each fiscal year *or fiscal period* as specified in paragraphs  
35 (1) to ~~(3)~~ (4), inclusive, the Controller shall transfer from the  
36 General Fund to the Budget Stabilization Account the following  
37 amounts:

38 (1) No later than September 30, 2006, a sum equal to 1 percent  
39 of the estimated amount of General Fund revenues for the 2006–07  
40 fiscal year.

(2) No later than September 30, 2007, a sum equal to 2 percent of the estimated amount of General Fund revenues for the 2007–08 fiscal year.

(3) No later than September 30, 2008, and ~~annually thereafter~~ *no later than September 30, 2009*, a sum equal to 3 percent of the estimated amount of General Fund revenues for the current fiscal year.

(4) *No later than September 30, 2010, and no later than September 30 of each even-numbered year thereafter, the Controller shall transfer from the General Fund to the Budget Stabilization Account a sum equal to 3 percent of the estimated amount of General Fund revenues for the current two-year fiscal period.*

(c) The transfer of moneys shall not be required by subdivision (b) in any fiscal year *or fiscal period* to the extent that the resulting balance in the account would exceed 5 percent of the General Fund revenues estimate set forth in the budget bill for that fiscal year *or fiscal period*, as enacted, or eight billion dollars (\$8,000,000,000), whichever is greater. The Legislature may, by statute, direct the Controller, for one or more fiscal years *or fiscal periods*, to transfer into the account amounts in excess of the levels prescribed by this subdivision.

(d) Subject to any restriction imposed by this section, funds transferred to the Budget Stabilization Account shall be deemed to be General Fund revenues for all purposes of this Constitution.

(e) The transfer of moneys from the General Fund to the Budget Stabilization Account may be suspended or reduced for a fiscal year as specified by an executive order issued by the Governor no later than June 1 of the preceding fiscal year *or, for any fiscal period commencing on or after July 1, 2010, as specified by an executive order issued by the Governor no later than June 1 of the immediately preceding even-numbered year.*

(f) (1) Of the moneys transferred to the account in each fiscal year *or fiscal period*, 50 percent, up to the aggregate amount of five billion dollars (\$5,000,000,000) for all fiscal years *and fiscal periods*, shall be deposited in the Deficit Recovery Bond Retirement Sinking Fund Subaccount, which is hereby created in the account for the purpose of retiring deficit recovery bonds authorized and issued as described in Section 1.3, in addition to any other payments provided for by law for the purpose of retiring

1 those bonds. The moneys in the sinking fund subaccount are  
2 continuously appropriated to the Treasurer to be expended for that  
3 purpose in the amounts, at the times, and in the manner deemed  
4 appropriate by the Treasurer. Any funds remaining in the sinking  
5 fund subaccount after all of the deficit recovery bonds are retired  
6 shall be transferred to the account, and may be transferred to the  
7 General Fund pursuant to paragraph (2).

8 (2) All other funds transferred to the account in a fiscal year *or*  
9 *fiscal period* shall not be deposited in the sinking fund subaccount  
10 and may, by statute, be transferred to the General Fund.

11 Twenty-Seventh—That Section 1 of Article XIX A thereof is  
12 amended to read:

13 SECTION 1. The funds in the Public Transportation Account  
14 in the State Transportation Fund, or any successor to that account,  
15 may be loaned to the General Fund only if one of the following  
16 conditions is imposed:

17 (a) That any amount loaned is to be repaid in full to the account  
18 during the same fiscal year *or, for loans made on or after July 1,*  
19 *2010, the same two-year fiscal period* in which the loan was made,  
20 except that repayment may be delayed until a date not more than  
21 30 days after the date of enactment of the budget bill for the  
22 subsequent fiscal year *or fiscal period*.

23 (b) That any amount loaned is to be repaid in full to the account  
24 within three fiscal years *or, for loans made on or after July 1,*  
25 *2010, two fiscal periods* from the date on which the loan was made  
26 and one of the following has occurred:

27 (1) The Governor has proclaimed a state of emergency and  
28 declares that the emergency will result in a significant negative  
29 fiscal impact to the General Fund.

30 (2) ~~The~~ *Until July 1, 2010, the* aggregate amount of General  
31 Fund revenues for the current fiscal year, as projected by the  
32 Governor in a report to the Legislature in May of the current fiscal  
33 year, is less than the aggregate amount of General Fund revenues  
34 for the previous fiscal year, as specified in the budget submitted  
35 by the Governor pursuant to Section 12 of Article IV in the current  
36 fiscal year. *On or after July 1, 2010, the aggregate amount of*  
37 *General Funds revenues for the current two-year fiscal period, as*  
38 *projected by the Governor in a report to the Legislature in May*  
39 *of the even-numbered year of the fiscal period in which the loan*  
40 *is made, is less than the aggregate budget submitted by the*

1 *Governor pursuant to Section 12 of Article IV in the current fiscal*  
2 *period.*

3 Twenty-Eighth—That Section 1 of Article XIX B thereof is  
4 amended to read:

5 SECTION 1. (a) For the 2003–04 fiscal year and each fiscal  
6 year *or fiscal period* thereafter, all moneys that are collected during  
7 the fiscal year *or fiscal period* from taxes under the Sales and Use  
8 Tax Law (Part 1 (commencing with Section 6001) of Division 2  
9 of the Revenue and Taxation Code), or any successor to that law,  
10 upon the sale, storage, use, or other consumption in this State of  
11 motor vehicle fuel, and that are deposited in the General Fund of  
12 the State pursuant to that law, shall be transferred to the  
13 Transportation Investment Fund, which is hereby created in the  
14 State Treasury.

15 (b) (1) For the 2003–04 to 2007–08 fiscal years, inclusive,  
16 moneys in the Transportation Investment Fund shall be allocated,  
17 upon appropriation by the Legislature, in accordance with Section  
18 7104 of the Revenue and Taxation Code as that section read on  
19 March 6, 2002.

20 (2) For the 2008–09 *and 2009–10* ~~fiscal year and each fiscal~~  
21 ~~year thereafter~~ *years, and for each two-year fiscal period*  
22 *thereafter*, moneys in the Transportation Investment Fund shall  
23 be allocated solely for the following purposes:

24 (A) Public transit and mass transportation.

25 (B) Transportation capital improvement projects, subject to the  
26 laws governing the State Transportation Improvement Program,  
27 or any successor to that program.

28 (C) Street and highway maintenance, rehabilitation,  
29 reconstruction, or storm damage repair conducted by cities,  
30 including a city and county.

31 (D) Street and highway maintenance, rehabilitation,  
32 reconstruction, or storm damage repair conducted by counties,  
33 including a city and county.

34 (c) For the 2008–09 *and 2009–10* ~~fiscal year and each fiscal~~  
35 ~~year thereafter~~ *years, and for each two-year fiscal period*  
36 *thereafter*, moneys in the Transportation Investment Fund shall  
37 be allocated, upon appropriation by the Legislature, as follows:

38 (A) Twenty percent of the moneys for the purposes set forth in  
39 subparagraph (A) of paragraph (2) of subdivision (b).

1 (B) Forty percent of the moneys for the purposes set forth in  
2 subparagraph (B) of paragraph (2) of subdivision (b).

3 (C) Twenty percent of the moneys for the purposes set forth in  
4 subparagraph (C) of paragraph (2) of subdivision (b).

5 (D) Twenty percent of the moneys for the purposes set forth in  
6 subparagraph (D) of paragraph (2) of subdivision (b).

7 (d) (1) Except as otherwise provided by paragraph (2), the  
8 transfer of revenues from the General Fund of the State to the  
9 Transportation Investment Fund pursuant to subdivision (a) may  
10 be suspended, in whole or in part, for a fiscal year, *or fiscal period*,  
11 if all of the following conditions are met:

12 (A) The Governor issues a proclamation that declares that, due  
13 to a severe state fiscal hardship, the suspension of the transfer of  
14 revenues required by subdivision (a) is necessary.

15 (B) The Legislature enacts by statute, pursuant to a bill passed  
16 in each house of the Legislature by rollcall vote entered in the  
17 journal, two-thirds of the membership concurring, a suspension  
18 for that fiscal year *or fiscal period* of the transfer of revenues  
19 required by subdivision (a) and the bill does not contain any other  
20 unrelated provision.

21 (C) No later than the effective date of the statute described in  
22 subparagraph (B), a separate statute is enacted that provides for  
23 the full repayment to the Transportation Investment Fund of the  
24 total amount of revenue that was not transferred to that fund as a  
25 result of the suspension, including interest as provided by law.  
26 ~~This~~ *For fiscal years prior to July 1, 2010, this* full repayment  
27 shall be made not later than the end of the third ~~fiscal~~-year  
28 immediately following the fiscal year to which the suspension  
29 applies, *and for any two-year fiscal period commencing on or after*  
30 *July 1, 2010, this full repayment shall be made not later than the*  
31 *end of the second fiscal period immediately following the fiscal*  
32 *period to which the suspension applies.*

33 (2) (A) The transfer required by subdivision (a) shall not be  
34 suspended for more than two fiscal years, *or for any duration*  
35 *longer than a single fiscal period*, during any ~~period of 10~~  
36 ~~consecutive fiscal years, which period begins 10-year span,~~  
37 *beginning with the first fiscal year or fiscal period commencing*  
38 *on or after July 1, 2007, for which the transfer required by*  
39 *subdivision (a) is suspended.*

1 (B) The transfer required by subdivision (a) shall not be  
2 suspended during any fiscal year *or fiscal period* if a full repayment  
3 required by a statute enacted in accordance with subparagraph (C)  
4 of paragraph (1) has not yet been completed.

5 (e) The Legislature may enact a statute that modifies the  
6 percentage shares set forth in subdivision (c) by a bill passed in  
7 each house of the Legislature by rollcall vote entered in the journal,  
8 two-thirds of the membership concurring, provided that the bill  
9 does not contain any other unrelated provision and that the moneys  
10 described in subdivision (a) are expended solely for the purposes  
11 set forth in paragraph (2) of subdivision (b).

12 (f) (1) An amount equivalent to the total amount of revenues  
13 that were not transferred from the General Fund of the State to the  
14 Transportation Investment Fund, as of July 1, 2007, because of a  
15 suspension of transfer of revenues pursuant to this section as it  
16 read on January 1, 2006, but excluding the amount to be paid to  
17 the Transportation Deferred Investment Fund pursuant to Section  
18 63048.65 of the Government Code, shall be transferred from the  
19 General Fund to the Transportation Investment Fund no later than  
20 June 30, 2016. Until this total amount has been transferred, the  
21 amount of transfer payments to be made in each fiscal year shall  
22 not be less than one-tenth, *and, commencing July 1, 2010, the*  
23 *amount of transfer payments to be made in each fiscal period shall*  
24 *not be less than one-fifth*, of the total amount required to be  
25 transferred by June 30, 2016. The transferred revenues shall be  
26 allocated solely for the purposes set forth in this section as if they  
27 had been received in the absence of a suspension of transfer of  
28 revenues.

29 (2) The Legislature may provide by statute for the issuance of  
30 bonds by the state or local agencies, as applicable, that are secured  
31 by the minimum transfer payments required by paragraph (1).  
32 Proceeds from the sale of those bonds shall be allocated solely for  
33 the purposes set forth in this section as if they were revenues  
34 subject to allocation pursuant to paragraph (2) of subdivision (b).

35 Twenty-Ninth—That Section 4 of Article XXXV thereof is  
36 amended to read:

37 SEC. 4. Funds authorized for, or made available to, the institute  
38 shall be continuously appropriated without regard to fiscal year  
39 *or fiscal period, shall* be available and used only for the purposes  
40 provided in this article, and shall not be subject to appropriation

1 or transfer by the Legislature or the Governor for any other  
2 purpose.

O